Condensed Financial Statements

Teton Advisors, Inc.

Quarterly Report for the Period Ended March 31, 2009

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Contents

Teton Advisors, Inc.

Condensed Statements of Operations

(Unaudited)

	Three months ended March 31, 2009	2008
Revenues		
Investment advisory fees	**$ 946,974**	$ 943,445
Other income	**1,013**	17,073
Total revenues	**947,987**	960,518
Expenses		
Compensation	**193,206**	84,440
Marketing and administrative fees	**173,847**	210,111
Sub-advisory fees	**149,049**	198,869
Distribution costs and expense reimbursements	**167,065**	84,932
Other operating expenses	**381,886**	29,582
Total expenses	**1,065,053**	607,934
(Loss) income before income taxes	**(117,066)**	352,584
Income taxes	**(40,200)**	121,818
Net (loss) income	**$ (76,866)**	$ 230,766
Net (loss) income per share:		
Basic	**$ (0.07)**	**$ 0.22**
Diluted	**$ (0.07)**	**$ 0.22**
Weighted average shares outstanding:		
Basic	**1,043,394**	**1,043,394**
Diluted	**1,043,555**	**1,043,394**

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Financial Condition

	March 31, 2009	December 31, 2008
	(Unaudited)	(Audited)
Assets		
Cash and cash equivalents	**$ 891,763**	$ 760,350
Investment advisory fees receivable	**278,650**	316,985
Deferred tax asset	**41,623**	33,890
Income tax receivable	**247,730**	17,906
Receivables from affiliates	**-**	4,592
Indentifiable intangible asset	**-**	146,400
Other assets (net of accumulated depreciation of $1,563 and $1,028, respectively)	**33,208**	48,837
Total assets	**$ 1,492,974**	$ 1,328,960
Liabilities and stockholders' equity		
Payables to affiliates	**$ 226,182**	$ 227,855
Deferred income taxes payable	**197,357**	-
NTF payable	**36,889**	35,186
Professional fees payable	**316,881**	282,626
Accrued expenses and other liabilities	**7,318**	3,447
Total liabilities	**784,627**	549,114
Stockholders' equity:		
Class A Common stock, $.001 par value; 1,200,000 shares authorized: 259,394 shares issued and outstanding	**259**	259
Class B Common stock, $.001 par value; 800,000 shares authorized; 784,000 issued and outstanding	**792**	792
Additional paid in capital – Class A	**302,278**	296,911
Treasury stock, class B, at cost (8,000 shares)	**(8,120)**	(8,120)
Retained earnings	**413,138**	490,004
Total stockholders' equity	**708,347**	779,846
Total liabilities and stockholders' equity	**$ 1,492,974**	$ 1,328,960

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Stockholders' Equity

(Unaudited)

For the Three Months Ended March 31, 2009

	Common Stock Class A	**Common Stock Class B**	**Additional Paid in Capital - Class A**	**Treasury Stock**	**Retained Earnings**	**Total**
Balance at December 31, 2008	$ 259	$ 792	$ 296,911	($ 8,120)	$ 490,004	$ 779,846
Stock based compensation	**–**	**–**	**5,367**	**–**	**–**	**5,367**
Net loss	**–**	**–**	**–**	**–**	**(76,866)**	**(76,866)**
Balance at March 31, 2009	**$ 259**	**$ 792**	**$ 302,278**	**($ 8,120)**	**$ 413,138**	**$ 708,347**

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Cash Flows

(Unaudited)

	Three Months Ended March 31, 2009	2008
Cash flows from operating activities		
Net (loss) income	**$ (76,866)**	$ 230,766
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation	**535**	-
Deferred tax expense	**(7,733)**	
Stock based compensation	**5,367**	-
Amortization of identifiable intangible asset	**146,400**	-
(Increase) decrease in operating assets:		
Investment advisory fees receivable	**38,335**	18,954
Income taxes receivable	**(229,824)**	-
Receivables from affiliates	**4,592**	(2,392)
Other assets	**15,094**	7,305
(Decrease) increase in operating liabilities:		
Payables to affiliates	**(1,673)**	59,167
Compensation payable	**-**	(25,681)
Deferred income taxes payable	**197,357**	86,017
NTF payable	**1,703**	(19,883)
Professional fees payable	**34,255**	209
Accrued expenses and other liabilities	**3,871**	(6,212)
Total adjustments	**208,279**	117,484
Net cash provided by operating activities	**131,413**	348,250
Net increase in cash and cash equivalents	**131,413**	348,250
Cash and cash equivalents at beginning of year	**760,350**	1,725,461
Cash and cash equivalents at end of year	**$ 891,763**	$ 2,073,711
Supplemental disclosure of cash flow information		
Cash paid for income taxes	**$ -**	$ 35,800

See accompanying notes.

Teton Advisors, Inc.

Notes to Condensed Financial Statements

March 31, 2009

A. Significant Accounting Policies

Basis of Presentation

Teton Advisors, Inc. (“Teton” or the “Company”) was formed in Texas as Teton Advisers LLC in December 1994. On March 2, 1998, Teton Advisers LLC was renamed Gabelli Advisors LLC and, on the same date, merged into Gabelli Advisers, Inc., a Delaware corporation. On January 25, 2008, Gabelli Advisers, Inc. was renamed Teton Advisors, Inc. Prior to the March 20, 2009 spin-off, the Company was a 42%-owned subsidiary of GAMCO Investors, Inc. (“GAMCO”). The Company serves as the investment adviser for the GAMCO Westwood Funds (“Funds”, individually “Fund”). The Company’s capital structure consists of 1,200,000 shares authorized of Class A common stock with one vote per share and 800,000 shares authorized of Class B common stock with ten votes per share. At the date of incorporation, 200,000 shares of the Class A shares were issued to Westwood Management Corporation (“WMC”) and 800,000 shares of Class B shares were issued to GAMCO and its affiliates. In addition, certain shareholders exercised warrants to purchase 59,394 shares of the Class A common stock for $5 per share on December 31, 2001.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

A. Significant Accounting Policies (continued)

Nature of Operations

Teton is a registered investment adviser under the Investment Advisers Act of 1940. Refer to Revenue Recognition section within Note A for additional discussion of Teton's business. Teton receives the majority of its revenues from advisory contracts with the six Funds for which it serves as the Investment Adviser. The contracts are subject to renewal annually by (i) the Board of Trustees or (ii) the fund's shareholders and, in either case, the vote of a majority of the trustees who are not parties to the agreement or "interested persons" of any such party, within the meaning of the Investment Company Act of 1940. The fees for serving as Investment Adviser range from 0.60% to 1.00% of the average daily assets under management. The fees are calculated daily and paid to Teton on a monthly basis. Each Fund may terminate its investment management agreement at any time upon 60 days' written notice by (i) a vote of the majority of the Board of Trustees cast in person at a meeting called for the purpose of voting on such termination or (ii) a vote at a meeting of shareholders of the lesser of either 67% of the voting shares represented in person or by proxy or 50% of the outstanding voting shares of such Fund. Each investment management agreement automatically terminates in the event of its assignment, as defined in the Investment Company Act. Teton may terminate an investment management agreement without penalty on 60 days' written notice. Teton's principal market is in the United States.

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they are not audited and do not include all of the information and notes required for complete financial statements. These condensed financial statements and notes should be read in conjunction with Teton's audited financial statements and notes thereto included in Teton's Annual Report on Form 10-K for the year ended December 31, 2008. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ending March 31, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

B. Related Party Transactions

Teton has invested all of its cash equivalents in a money market mutual fund managed by Gabelli Funds, LLC, an affiliate. At March 31, 2009 and December 31, 2008, Teton had $891,704 and $760,350, respectively, in this money market fund and earned $1,013 and $17,073 for the three month periods ended March 31, 2009 and 2008, respectively, which comprises other income.

Gabelli & Company, Inc. ("Gabelli & Co."), an affiliate of the Company, serves as the principal distributor for the Funds. As distributor, Gabelli & Co. incurs certain promotional and distribution costs, which are expensed as incurred, related to the sale of Fund shares. Gabelli & Co. receives reimbursements from the Company in connection with these distribution activities to the extent such costs exceed distribution fees received from the mutual funds managed by the Company. Such amounts will be repaid to the Company if distribution fees are in excess of distribution expenses of the Funds. In connection with its role as principal distributor, the Company paid Gabelli & Co. $7,080 for the three months ended March 31, 2009, and received from Gabelli & Co. $5,321 of previously paid reimbursed distribution expenses for the three months ended March 31, 2008 which is included in distribution costs and expense reimbursements in the condensed statements of operations. As of March 31, 2009 and December 31, 2008, there was $267,440 and $260,360, respectively, contingently payable to Teton from Gabelli & Co.

Teton paid GAMCO administration fees based on the average net assets of the Funds, amounting to $173,847 and $210,111 for the three month periods ended March 31, 2009 and 2008, respectively. Teton also paid GAMCO reimbursement for compensation, which amounted to $50,740 and $84,440 for the three month periods ended March 31, 2009 and 2008, respectively.

Teton pays Westwood Management Corp a sub-advisory fee of 35% of net revenues of funds for which Westwood acts as the sub-advisor. The percentage of net revenues is defined as advisory fees less 20 basis points for administrative fees, after certain expenses are paid by Teton to the Westwood Funds. The fees amounted to $149,049 and $198,869 for the three month periods ended March 31, 2009 and 2008, respectively. Westwood Management Corporation is owned 100% by Westwood Holdings Group as of March 31, 2009.

B. Related Party Transactions (continued)

The Company serves as the investment adviser for the Funds and earns advisory fees based on predetermined percentages of the net average assets of the Funds. Advisory fees earned from the Funds were $946,974 and $943,445 for the three month periods ended March 31, 2009 and 2008, respectively. Advisory fees receivable from the Funds were $278,650 and $316,985 at March 31, 2009 and December 31, 2008, respectively.

The Company has receivables from the Funds of $10,259 and $25,353, which are included in other assets in the condensed statements of financial condition, at March 31, 2009 and December 31, 2008, respectively, relating to reimbursement of shareholder servicing costs associated with No Transaction Fee ("NTF") programs.

Teton's receivables and payables to affiliates at March 31, 2009 and December 31, 2008 are non-interest bearing and are receivable and payable on demand. At March 31, 2009 and December 31, 2008, the amount payable to GAMCO was $124,447 and $173,068, respectively, and the amount payable to Westwood Management Corporation was $93,955 and $54,787, respectively. The amount payable to Gabelli & Company at March 31, 2009 was $7,759 and the amount receivable from Gabelli & Company at December 31, 2008 was $4,592.

C. Indemnifications

In the ordinary course of business, the Company may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Company. Based on its history and experience, the Company believes that the likelihood of any such event is remote.

D. Identifiable Intangible Asset

In accordance with FAS 142 "Accounting for Goodwill and Other Intangible Assets," the Company assesses the recoverability of intangible assets at least annually, or more often should events warrant, using a present value cash flow method. At a Board Meeting on November 11, 2008, the Board of Trustees of the B.B. Micro Cap Growth Fund assigned, on an interim basis for 150 days, the advisory contract to Teton as the investment adviser, effective with the close of business on November 28, 2008. Although there was no additional payment for the assignment of the advisory contract, the Company incurred costs of $183,000 during 2008 relating to legal and accounting work performed relating to the arrangement and to obtain shareholder approval for the merger with an existing fund managed by Teton. As a result of becoming the adviser to the B.B. Micro Cap Growth Fund, the Company recorded an identifiable intangible asset of $183,000. The Company amortized the acquisition costs over the estimated life of the contract. In accordance with this policy, the Company amortized $146,400 of the identifiable intangible asset during the first quarter of 2009 and no longer has an identifiable intangible asset on the statement of financial condition at March 31, 2009. The Company recorded an additional $110,000 of expenses during the first quarter of 2009 for legal fees relating to the arrangement and to obtain shareholder approval for the merger. On March 27, 2009, the B.B. Micro Cap Growth Fund was merged, in a tax-free exchange, into the GAMCO Westwood Mighty Mites Fund.

MANAGEMENT'S DISCUSSION OF OPERATIONS

The following discussion should be read in conjunction with the condensed consolidated financial statements and the notes thereto.

Operating Results for the Quarter Ended March 31, 2009 as Compared to the Quarter Ended March 31, 2008

Revenues

Total revenues were $947,987 in the first quarter of 2009, $12,531 or 1.3% lower than the total revenues of $960,518 in the first quarter of 2008. The change in total revenues by revenue component was as follows:

	For the Three Months ended March 31,		Increase (decrease)	
(unaudited)	**2009**	**2008**	**$**	**%**
Investment advisory fees	$ 946,974	$ 943,445	$ 3,529	0.4%
Other income	1,013	17,073	(16,060)	(94.1)
Total revenues	$ 947,987	$ 960,518	$ (12,531)	(1.3%)

Investment Advisory Fees: Investment advisory fees are directly influenced by the level and mix of assets under management ("AUM"). Teton earns advisory fees based on the average AUM in the Funds.

Investment advisory fees were $946,974 for the period ended March 31, 2009 compared to $943,445 for the period ended March 31, 2008, an increase of $3,529, or 0.4%.

AUM decreased from $449.8 million at December 31, 2008 to $385.7 million at March 31, 2009. This decrease was primarily due to outflows of $55.5 million and the decline in the market value of the Funds of $50.4 million, offset slightly by inflows of $41.8 million.

AUM decreased from $440.5 million at December 31, 2007 to $430.8 million at March 31, 2008. This decrease was primarily due to a 5.8%, or $25.4 million, decrease in the market value of the Funds and withdrawals of $35.3 million, partially offset by inflows of $51.0 million.

Other income: Other income includes interest income earned from cash equivalents that were invested in a money market mutual fund managed by Gabelli Funds, LLC, a subsidiary of GAMCO. Other income for the first quarter of 2009 was $1,013, down from the $17,073 for 2008 due to lower average cash equivalent balances held in 2009 and lower interest rates in 2009 versus 2008.

Expenses

Sub-advisory Fees: Teton has currently retained a sub-adviser for three of the six Westwood funds.

Sub-advisory fees, which are 35% of the net investment advisory revenues of the sub-advised funds and are recognized as expenses as the related services are performed, were $149,049 for the first quarter of 2009, down from $198,869 in the prior year period. This decrease was primarily due to the decrease of investment advisory revenue from the three funds of 25.7%.

Administrative Fees: Administrative expenses, which are charges from GAMCO and paid by Teton for administration of the mutual fund activities performed by GAMCO on behalf of Teton, were $173,847 for the first three months of 2009, a 17.3% decrease from $210,111 in the prior year period.

Compensation: Compensation costs, which include stock based compensation and both direct employees of Teton, portfolio manager compensation and the salary and bonus allocated to Teton by GAMCO based upon the allocation percentage of employee work performed that affects Teton, was $193,206 for the first quarter of 2009, a 128.8% increase from $84,440 in the year ago period. Stock based compensation was $5,367 in the first quarter of 2009. There was no stock based compensation expense during the first quarter of 2008. Fixed compensation costs, which include both direct and allocated salary and bonus, increased to approximately $137,098 for the first quarter of 2009 from $40,630 in the prior year period due primarily to the hiring of three full time employees in July 2008. The remainder of the compensation expenses represents variable portfolio manager compensation that fluctuates with net investment advisory revenues, which is defined as advisory fees less certain expenses. For the 2009 period, portfolio manager compensation was $50,741, an increase of $6,931 from the $43,810 in the prior year period. The primary driver of this increase was an increase in average AUM, which generates investment advisory fees, for the funds in which portfolio manager compensation is based.

Distribution costs and expense reimbursements: Distribution costs, which are principally related to the sale of shares of open-end mutual funds, and expense reimbursements were $167,065 for the first three months of 2009, increasing $82,133 from $84,932 in the prior year period.

Distribution costs are broken down into two categories, payments made to third party distributors for Funds sold through them, including their no transaction fee programs, and expenses either paid to or reimbursed from Gabelli & Company for distribution of the Funds. Expenses paid to third parties were $32,517 during the 2009 period, a decrease of $2,618 from the prior year amount of $35,135. The arrangement between Teton and Gabelli & Company is that Teton will reimburse Gabelli & Company for any distribution costs in excess of Gabelli & Company's distribution revenues. Conversely, if the distribution revenues of Gabelli & Company exceed the costs, such excess is reimbursed to Teton. For 2009 Teton paid Gabelli & Company $7,081 while during the 2008 period Gabelli & Company reimbursed Teton $5,321, an increase of $12,402. This increase to Teton was due to lower income earned by Gabelli & Company during the 2009 period as compared to the 2008 period.

Expense reimbursements to the Funds were $127,467 for the first three months of 2009, an increase of $72,349 from the prior year period amount of $55,118. The primary driver of this increase was the $68,026 of expense reimbursements for the B.B. Micro Cap Growth Fund that was acquired in December 2008.

Other: General and administrative expenses, including those charged by GAMCO and incurred directly, were $381,886 for the first quarter of 2009, an increase of $352,304 from the year ago amount of $29,582. $283,412 of this increase was related to the acquisition of the B.B. Micro Cap Growth Fund advisory contract and the spin-off. The remaining $68,892 of the increase relates to our ongoing expenses including the rental of office space in a building being leased by GAMCO and the $45,000 per quarter relating to the transitional administrative and management services agreement with GAMCO that began in September 2008.

Income Taxes

The effective tax rate was 34.3% for the quarter ended March 31, 2009, versus 34.6% for the quarter ended March 31, 2008.

Net (Loss) Income

Net loss for the first quarter of 2009 was $76,866 or ($0.07) per fully diluted share versus income of $230,766 or $0.22 per fully diluted share for the 2008 period.